

CCS#2 HS HCS SCS SB 11 -- TAXATION

This bill makes various changes related to taxation. The bill:

(1) Creates a state sales and use tax holiday for certain clothing, personal computers, certain computer software, and school supplies purchased during a three-day period each August. Any political subdivision may opt out of the holiday by adoption of a local ordinance if submitted annually to the Department of Revenue by the second Friday in July. The tax holiday will expire July 1, 2005;

(2) Creates the Joint Legislative Committee on Tax Policy consisting of five members from both the House of Representatives and the Senate. The committee will be responsible for continuous study and review of state tax policy and for issuing reports on its findings and recommendations to the General Assembly;

(3) Changes provisions related to the carry-forward and carry-back provisions of net operating losses for income tax purposes. Any amount of net operating losses taken against federal taxes but disallowed against Missouri taxes since July 1, 2002, may be carried forward and used up to 20 years in the future. In addition, certain net operating losses relating to farming may be carried back and forward in the same manner as allowed by federal law;

(4) Exempts from property tax motor vehicles leased for a period of one year or more to the state and any political subdivision;

(5) Exempts from state and local sales and use taxes all purchases of tangible personal property and all items converted into tangible personal property which are donated to the State of Missouri;

(6) Sets a limit of \$10,000 on the local license tax a village with less than 1,300 inhabitants can impose after March 31, 2004;

(7) Allows Johnson County, if approved by voters, to establish a landfill fee of up to \$1.50 per ton for economic development. Current law allows only third classification counties to establish these fees;

(8) Requires all lottery and other gaming winnings to be included in Missouri nonresident adjusted gross income when the winnings are from a Missouri source;

(9) Allows elected officials who live in tax increment financing (TIF) districts to not be regarded as having a conflict of interest when voting on or discussing TIF issues. Elected

officials still will not be able to profit from TIF projects; and

(10) Exempts natural gas used in the primary manufacture of fuel ethanol from sales tax and modifies the farm machinery, equipment, and supplies exemption from sales tax.